



National Audit Office

June 2010

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# Independent Supplementary Reviews of the Regional Development Agencies

## Summary Report

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This report can be found on the National Audit Office website at [www.nao.org.uk](http://www.nao.org.uk)

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# Summary

## Preface

**1** The Department for Business Innovation and Skills and HM Treasury asked the National Audit Office to undertake reviews of the Regional Development Agencies outside London. Our assessments covered the Agencies' performance in tackling the challenges of:

- prioritising in response to the downturn and budget cuts;
- learning lessons from evaluation of their previous activity to improve the effectiveness of their future intervention; and
- bringing about continuous improvement in their processes.

Our assessments were carried out between October 2009 and April 2010. We have issued separate reports on each of the Agencies.

**2** This report summarises the key lessons from our assessments. In particular, it sets out how performance in promoting economic development can be improved by identifying individual examples of existing good practice. Many of these lessons are relevant to the new local administrative arrangements for fostering economic development.

**3** At a time of public sector retrenchment, when all public bodies will face similar challenges of reprioritising, focusing on what works effectively and bringing about continuous improvement and efficiency in their processes, we expect our findings and the examples of good practice identified to be of wider relevance.

**4** More details of the Independent Supplementary Review process and the gradings of the performance of individual Regional Development Agencies against the assessment criteria are given in Appendix 1.

# Part One: Effectiveness of Prioritisation

How effectively has the Regional Development Agency prioritised the development/delivery of programmes and projects that offer high value added benefits for the region in the economic downturn and in preparation for the upturn?

## Areas of Review

**1.1** To review performance in this area the National Audit Office examined four specific areas of activity:

- Economic Analysis;
- Effectiveness of reprioritisation in response to the economic downturn and funding constraints;
- Stakeholder engagement in prioritisation; and
- Corporate Planning and Delivery.

**1.2** In each of these areas we agreed a series of descriptors of what might be expected in terms of adequate, good and strong performance. These are detailed in Appendix 2.

**1.3** Overall, five of the eight Regional Development Agencies demonstrated strong performance against this question: Advantage West Midlands; the East of England Development Agency; the East Midlands Development Agency; the North West Development Agency and One North East. There were, however, other examples of good practice in some of the individual areas of activity in other Agencies.

**1.4** We found four important elements that contributed to effective prioritisation:

- considering both the deliverability as well as the impact of interventions;
- working closely with partners to identify and secure appropriate sources of funding;
- developing a shared vision for the future of the economy which was clearly understood and owned by partners and around which programmes of activity aligned; and
- developing a shared evidence base, including relevant and timely business

intelligence, which was then used by the Agency and its partners to inform decision making and prioritisation.

## Informed investment decisions which take account of the impact and deliverability of interventions

**1.5** In response to budget cuts and the need to consider the relevance of their activity to the downturn, all Regional Development Agencies went through a reprioritisation process. In allocating scarce resources, it is particularly important that decisions are informed by an understanding of the potential future impact of investments and that due consideration is given to their deliverability.

**1.6** Whilst all Regional Development Agencies undertook a reprioritisation exercise, as required by Government, the criteria upon which decisions were based varied. Some Regional Development Agencies used more sophisticated approaches than others to inform their decision making.

**1.7** In our view, the strongest approaches to reprioritisation were demonstrated by Advantage West Midlands, East Midlands Development Agency and the East of England Development Agency and were based on clear evaluation and research evidence, which was undertaken early and included:

- Reviewing all proposed interventions, both capital and revenue;
- Assessing the potential return on investment of interventions and;
- Maximising their economic impact;
- Assessing the impact of interventions on regional Gross Value Added using robust quantitative data;
- Considering value for money factors; and
- Explicitly considering deliverability.

**1.8** In Yorkshire Forward, the reprioritisation exercise was not concluded until March 2010, some seven months after most other Regional Development Agencies. This led to less understanding from partners and stakeholders of the priorities within the region and raised the risk of not finding alternative funding sources where resources were reduced or removed.

**1.9** Both Advantage West Midlands and One North East, informed their decision making by directly and independently evaluating their responses to the downturn and using the evaluation findings to enhance or refocus programmes of activity.

## Working closely with stakeholders to identify alternative funding sources

**1.10** All Regional Development Agencies have faced significant reductions in their budgets and the challenging task of revising their corporate plans, reprioritising their activities, cutting funding and in some cases withdrawing support and funding from projects. These decisions will have directly impacted on the activities of partners across the regions and Regional Development Agencies have often had to manage communications with partners in difficult circumstances.

**1.11** However, even in these circumstances, some Regional Development Agencies were able to work closely with partners to assist them in securing alternative sources of funding, where these were available and to communicate what support was available across the region. The best approaches involved not only signposting to alternative funding sources, typically European funds, but also working with partners in applying for those funds. It is clear that, where this happened, the Regional Development Agency played an important role in enabling projects to continue which otherwise would have been affected by the withdrawal of funding.

**1.12** In the face of reduced funding and the economic downturn, a number of Regional Development Agencies recognised the importance of promoting the available support to businesses. Accordingly, coordinated media campaigns such as the “Real Help for Business” campaign in the North East and the “South West Bites Back” campaign were examples of good practice.

## A shared vision and programme of aligned activity between partners

**1.13** Regional Development Agencies are not the only, or even the primary, funders of economic development and regeneration activities. Each of the Regional Economic Strategies is a strategy for their respective regions and not just the Regional Development Agency. Consequently, the ability of partners to agree shared priorities and align their activities is essential, in the face of reduced public sector expenditure.

**1.14** A number of specific approaches stood out as good practice, including:

- Effective collaborative working between regional agencies, local authorities and the private sector to agree shared priorities;

- Evidence of partners aligning their own individual activities around shared priorities;
- Focusing investment on identified spatial locations where maximum impact can be achieved; and
- Striking an appropriate balance between short and long term priorities for the region.

**1.15** Specific examples of good practice identified by the National Audit Office included robust and clear regional agreement on the locations or economic sectors in each region that will disproportionately drive growth – the engines of growth. The West Midlands has clearly identified a number of Impact Investment Locations. The East of England’s sub-regional Integrated Development Programmes and implementation plans identify seven locations which are the engines of growth in the East. We also found strong collaborative work in this regard in the sub-regional Area Action Forces in the South West.

## A strong evidence base based on relevant and timely information to inform decision making

**1.16** Local economic development needs robust evidence upon which to base decisions. We found that in many regions the availability and quality of evidence had improved since we undertook similar assessments in 2006. The National Audit Office identified a number of aspects of good practice, including:

- The publication and dissemination of high quality research and intelligence that is readily available and widely used;
- The existence of an independent shared resource, such as an Observatory, that supports all partners;
- Capacity building support from the Regional Development Agencies to assist local authorities and other partners in developing their own evidence base;
- The collection and incorporation of relevant and timely information on business performance;
- The ability to disaggregate data, intelligence and economic forecasts to the sub-regional and local level; and
- Using academic and other experts to provide external challenge and peer review.

**1.17** During the course of the Independent Supplementary Review, a number of specific examples of good practice were identified. The West Midlands “Scale of Challenge” work with the regional Observatory looks beneath the headline indicators

to understand the output gap in the region and shape appropriate interventions. The East of England Forecasting Model brings together a range of key variables and shows what impacts decisions in one policy or geographical areas might have on others. The East Midlands Regional Economic Strategy Evidence Base presents a comprehensive analysis of the state and trends in the regional economy combining regional demographic, housing, transport and environmental data with economic data on labour, productivity and deprivation. Yorkshire Forward's Geographic Information System Mapping Tool allows local authorities to measure funding and outputs achieved in their area. The structured collection of business intelligence from key account managers in the North West, the North East, Yorkshire Forward and West Midlands also helped to ensure these regions were in touch with business issues and concerns during the downturn.

**1.18** In some regions, the Regional Development Agencies have taken positive steps to engage with academic experts to inform, challenge and enhance the regional evidence base and to ensure that academic rigour is applied to strategic and operational decisions. This was particularly apparent in the West Midlands, the East Midlands, the North West and the South West.

# Part Two: Improvement Planning

How effectively is the Regional Development Agency implementing improvement plans?

## Areas of Review

**2.1** To review performance in this area, the National Audit Office examined three specific areas of activity:

- The robustness of Agencies' continuous improvement action plans;
- Wider organisational improvement planning; and
- The delivery of improvement plans.

**2.2** In each of these areas we agreed a series of descriptors of what might be expected in terms of adequate, good and strong performance. These are detailed in Appendix 2.

**2.3** Only Advantage West Midlands and the East Midlands Development Agency demonstrated strong performance against the headline question. However there were also examples of good practice in some of the individual areas of activity in other Agencies.

**2.4** We identified three particular elements of good practice in improvement planning:

- The use of external challenge and validation;
- Ensuring performance improvement is informed by seeking and responding to the views of staff, partners and stakeholders; and
- Having effective mechanisms for implementing and monitoring performance improvement.

## External challenge and validation

**2.5** Regional Development Agencies were required to introduce and develop continuous improvement action plans to address weaknesses identified by the National Audit Office when we undertook similar reviews in 2007.

**2.6** Since 2007, Regional Development Agencies have developed their quality assurance and performance improvement processes to help deliver against their

action plans and wider continuous improvement. In some instances particular elements of performance have been externally validated, for example, through the Investors in People standard. One North East has attained Gold Status from Investors in People and is recognised as an Investors in People Champion. The South East of England Development Agency has adopted the Portfolio, Programme and Project Management Maturity Model (P3M3) to drive continuous improvement in how it manages its investments.

**2.7** Stronger drive for improvement across a broader range of activity was achieved where Regional Development Agencies used externally recognised frameworks to structure their approach. For example, Advantage West Midlands has chosen to use the European Foundation for Quality Management Excellence Model (EFQM) as the underlying framework to drive its continuous improvement. Staff have been trained in tools and techniques that support continuous improvement. Year on year improvement against the framework is quantified and externally validated.

## Responding to staff and stakeholder views

**2.8** Engaging stakeholders and staff in identifying and helping to deliver improvement is one of the elements in achieving success. We found examples of good practice where there were:

- Systematic mechanisms for gathering staff and stakeholder feedback;
- Regular independent customer satisfaction and perception surveys; and
- Demonstrable evidence of responding to stakeholder views and making improvements as a result.

**2.9** While most Regional Development Agencies were seeking regular staff and stakeholder views on performance, stakeholder surveys had not been undertaken in the South East of England Development Agency since 2003. A number of specific approaches stood out as good practice including: a separate applicant survey undertaken in the West Midlands to seek views on the application process and how it could be improved; the use of Business Champions in the East Midlands to provide a continuous conduit for feedback on performance; and benchmarking the results of surveys with other public and private organisations, as occurs in the South West.

## Effective approach to implementing and monitoring performance improvement

**2.10** Sustaining continuous improvement requires robust systems for monitoring and implementing performance improvement. Particular examples of good practice identified by the National Audit Office included:

- Clear Board and Senior Management leadership of performance

improvement;

- An organisational culture that promotes continuous improvement and supports individuals to implement change;
- Systems to support and monitor performance improvement; and
- Evidence of a 'golden thread' that makes it possible to track performance improvements from the corporate to the individual level.

**2.11** A key factor in sustaining continuous improvement was clear and effective Board and senior leadership with regular reporting mechanisms and effective systems for monitoring progress. In a number of instances, this was facilitated by the use of corporate scorecards which could be used by Board members and senior staff to monitor progress. This was evident in both the West Midlands and in the East of England. In the South East, Yorkshire and the South West greater Board involvement would have helped to drive improvement.

**2.12** Organisational culture is also of particular importance in implementing performance improvement. This was most apparent in the West Midlands and the East Midlands. Advantage West Midlands, through the application of a specific improvement management model, adopted a comprehensive performance monitoring system for continuous improvement which is embedded into wider performance reporting.

**2.13** In a number of regions, including the West Midlands, the North East, the East Midlands and the North West, it was possible to link the individual strands of performance monitoring and reporting to regional and individual priorities. A clear golden thread from Corporate Plan to individual staff objectives and appraisals enabled individual contribution to continuous improvement to be measured.

**2.14** In the East Midlands, there was clear evidence of a culture of continuous improvement which ran through the Agency from the Corporate Plan, through to Directorate Plans and down to individual staff objectives and performance plans. Performance management is highly developed and used to keep improvement plans on track. Performance against all plans is closely monitored and reported, and progress shared throughout the organisation. Operational performance is measured across four areas: financial; outputs; critical success factors and efficiency.

**2.15** Other examples of good practice identified by the National Audit Office included One North East's development of a separate risk register for the continuous improvement plan and the South East of England Development Agency's approach to post implementation reviews of continuous improvement activities once they had been delivered.

**2.16** In some Agencies attempts had been made to support performance improvements amongst partners. An example here was the North West Development Agency's Systems and Processes Improvement Programme (SAPIP).

# Part Three: Performance Management and Evaluation

How effectively has the Regional Development Agency implemented improvements in performance management processes and procedures to reflect the lessons of evaluation?

## Areas of review

**3.1** To review performance in these areas, the National Audit Office examined four specific areas of activity:

- Effective evaluation;
- Effective appraisal;
- Benchmarking and sharing best practice; and
- Efficiency and effectiveness in administration and programmes.

**3.2** In each of these areas the National Audit Office agreed a series of descriptors of what might be expected in terms of adequate, good and strong performance. These are detailed in Appendix 2.

**3.3** Only Advantage West Midlands and the East Midlands Development Agency demonstrated strong performance against the headline question. However, there were also examples of good practice in some of the individual areas of activity in other Agencies.

**3.4** We identified three particular elements of good practice in performance management and evaluation that could be better shared:

- The use of robust evaluation evidence to continuously inform future investment decisions;
- Using benchmarking as a strategic tool for performance improvement; and
- Considering the impact of future budget reductions.

## Effective evaluation and decision making

**3.5** Over recent years Regional Development Agencies have made significant progress in enhancing their evaluation activity, partly in response to requirements of the Department for Business, Innovation and Skills. The Department developed an evaluation framework and commissioned external consultants to supplement and bring together the lessons from evaluative activity within the Agencies.

**3.6** We identified three key elements of effective evaluation and decision making:

- A clear evaluation strategy with associated training for staff and stakeholders;
- The development and use of decision making tools based upon the results of past evaluations; and
- A comprehensive approach to disseminating the findings of evaluations.

**3.7** All Regional Development Agencies have developed evaluation strategies and many have kept these strategies under ongoing review. In some instances, Regional Development Agencies have gone further. In the East of England, for example, the Agency's Evaluation Strategy is supported by a detailed action plan to embed evaluation into the Agency's processes and systems which sets out short, medium and long-term goals. Advantage West Midlands has also offered training and collaboration events with partners to support capacity building. This has included bespoke training packages developed by independent consultants, based on the work of the Office of Project and Programme Advice and Training.

**3.8** Whilst all Regional Development Agencies have a comprehensive programme of evaluation at project, programme and strategic level, we found the quality of these evaluations varied considerably. The evaluation reports in Yorkshire Forward were of a consistently high value as a result of the comprehensive approach taken by the Agency to their commissioning. All evaluation reports should, as a minimum, estimate the potential impact of spending on regional Gross Value Added focusing on the impact arising from jobs created and safeguarded.

**3.9** A number of Agencies had developed practical tools to support appraisal of future projects and take lessons from evaluation into account. Advantage West Midlands' Decision Tree and Value for Money tools help staff and applicants to determine the type of evaluation required at interim and final stages. The East of England Development Agency's Evaluation Toolkit and Strategic Investment Tool (developed jointly with One North East and the London Development Agency) is used to ensure future investment decisions are informed by the level of return realised from previous similar types of investment. The East Midlands Development Agency's Investment Decision Tool (Decidicon) helps to assess levels of optimism bias in forecasts of the benefits of future projects based on past experience. The South West

Regional Development Agency had developed a tool for assessing environmental impacts of future investment and calculating zero carbon equivalent savings. Yorkshire Forward, the South East and the South West would benefit from implementing more structured value for money assessment tools to aid project development.

**3.10** It was noticeable that Yorkshire Forward was the only Regional Development Agency that was not consistently using a benchmark rate of return in making decisions about which future projects to support.

**3.11** A number of Regional Development Agencies had taken active steps to ensure that findings from evaluation are widely circulated. Advantage West Midlands have a programme of publications and events that communicate the results of evaluation. South West Regional Development Agency has implemented one page summaries of its evaluations, a dissemination check list, and a lessons learnt database. Yorkshire Forward's management of its consultant panel helps to ensure collaboration and shared learning.

**3.12** All Regional Development Agencies appraisal systems complied with Treasury Guidance. We found, however, that the quality of consideration of the market failure justification for intervention and of different options to meet project or programme objectives varied considerably. Only a minority considered and fully costed at least four different options. The South East lacked a robust system to quality assure its appraisals and also lacked targets to help improve the timeliness of appraisal and approval processes. All appraisal documentation should contain a separate clear statement setting out the market failure that is being addressed by the project or programme under consideration.

## Using benchmarking as a strategic decision making tool

**3.13** Benchmarking performance against other organisations is a key way of driving up performance and learning from others. We found Agencies needed to bring a greater strategic focus to their benchmarking activities. Only a small number had developed a systematic approach. In the West Midlands, the Agency had developed a Benchmarking Action Plan which set out a programme of activity in nine key areas: project appraisal and contracting; sustainable development; customer service standards; impact evaluation; stakeholder survey; human resource key performance indicators; European funding; project processes; and staff survey. One North East's strategy explains the importance of benchmarking, identifies the types of benchmarking the Agency will undertake, and provides guidance for staff on how to undertake it.

## Planning for budget reductions

**3.14** All Regional Development Agencies have had to manage significant budget reductions and realise ongoing efficiency savings. While all Regional Development Agencies have responded to these challenges, a number have been more forward thinking and have considered how best to manage future budget reductions. In the North East, the Agency undertakes continuous reviews of future funding scenarios. As well as looking at the high level impact of budget reductions the Agency is developing a future Workforce Planning model. For projects over £1 million, the business case needs to specify what the impact would be of a 25 per cent or 50 per cent reduction in project funding. The Agency uses a zero-based approach to set the budget for the Corporate Plan period and conducts a full review of business plans every six months.

# Appendix 1: Independent Supplementary Review

**1** Between October 2009 and April 2010, the National Audit Office, at the request of the Department of Business, Innovation and Skills, undertook an Independent Supplementary Review of each of the eight Regional Development Agencies outside London.

**2** In the last two years, the Regional Development Agencies have faced a number of challenges: to deliver more efficiently in the face of reduced budgets, to demonstrate maximum value to their regions for the projects they choose to support and to demonstrate flexibility in responding appropriately to the changing requirements of their regional economies in the light of the downturn.

**3** The purpose of the Independent Supplementary Reviews was to provide assurance to the Department of Business, Innovation and Skills on the performance of the Regional Development Agencies in responding to these current challenges.

**4** In addition, the Review provided an opportunity to highlight areas where each Regional Development Agency was performing strongly, as well as identifying areas where performance could be improved.

## The Key Questions

**5** The Independent Supplementary Review was developed around three key questions which provided the framework around which the National Audit Office gathered evidence and reached judgements on the performance of the Regional Development Agency.

**6** The key questions were:

- How effectively has the Regional Development Agency prioritised the development/delivery of programmes and projects that offer high value added benefits for the region in the economic downturn and in preparation for the upturn?
- How effectively is the Regional Development Agency implementing improvement plans?

- How effectively has the Regional Development Agency implemented improvements in performance management processes and procedures to reflect the lessons of evaluation?

7 To help answer each of these questions, the National Audit Office examined performance in a number of areas (See Appendix 2). The assessment teams reviewed a wide range of information sources, including existing documents, observed routine meetings, site visits and tailored interviews and focus groups with internal and external stakeholders.

## Scoring

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### Results of the Review against each of the key questions

	<b>How effectively has the RDA prioritised the development/ deliver of programmes and projects that offer high value added benefits for the region in the economic downturn and in preparation for the upturn?</b>	<b>How effectively is the RDA implementing improvement plans?</b>	<b>How effectively has the RDA implemented improvements in performance management processes and procedures to reflect the lessons of evaluation?</b>
<b>Advantage West Midlands</b>	Strong	Strong	Strong
<b>East of England</b>	Strong	Good	Good
<b>East Midlands</b>	Strong	Strong	Strong
<b>North West</b>	Strong	Good	Good
<b>One North East</b>	Strong	Good	Good
<b>South East</b>	Good	Adequate	Adequate
<b>South West</b>	Good	Good	Good
<b>Yorkshire Forward</b>	Adequate	Adequate	Good

Source: National Audit Office Reports

## Appendix 2: Areas of Review

**Figure 1**

### Effectiveness of Prioritisation

How effectively has the RDA prioritised the development/delivery of programmes and projects that offer high value added benefits for the region in the economic downturn and in preparation for the upturn?			
Areas of Review	Adequate Performance	Good Performance	Strong Performance
Economic Analysis	The RDA is regularly monitoring the economic situation in its region and using economic analysis to ensure that its interventions will maximise impact to the region.	The RDA plays a major role in gathering and disseminating data in the region and its analysis has enabled regional stakeholders to prioritise.	The RDA has achieved a shared understanding amongst stakeholders and partners of key economic challenges and there is evidence of programmes of aligned activity across the region.
Effectiveness of reprioritisation in response to economic downturn and funding constraints	The RDA acted promptly to take the lead in coordinating a regional response to the recession. The RDA has undertaken a programme and project reprioritisation exercise. The RDA has had regard for value for money in this exercise.	In responding to the recession, the RDA swiftly set up mechanisms and initiatives to mitigate the impacts of the recession within the region. The RDA fully reviewed its projects demonstrating a robust approach to prioritisation. The prioritisation process was linked to evaluation results to maximise impact in the short to medium term.	The partnership working and prioritisation fostered by the RDA in response to the recession has led to the integration of longer term planning

<p>Stakeholder engagement in prioritisation</p>	<p>The RDA communicated with appropriate partners and stakeholders in the reprioritisation exercise.</p>	<p>The RDA has been proactive with partners and stakeholders to take account of their views in reaching decisions on the types of investment it wants to undertake during the economic downturn and to add most value to the economy in the short term and help the economic recovery.</p>	<p>The RDA has worked closely with partners and stakeholders to share understanding of how the decisions to reprioritise have been arrived at.</p>
<p>Corporate planning and delivery</p>	<p>The RDA has revised its corporate plan and that gives an outline of the reprioritisation exercise. The RDA has refreshed its plans for delivery for 2009-11 in line with the reprioritisation exercise.</p>	<p>The RDA has shared experiences of its reprioritisation process with other RDAs. The RDA has continued to revisit its plans for delivery for 2009-11 as economic circumstances change. The RDAs Corporate Plan demonstrated how lessons learned from impact evaluation were being embedded.</p>	<p>There is widespread understanding of the revised corporate plan and prioritised plans for delivery and evidence of stakeholders reviewing their own corporate and delivery priorities.</p>

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## Continuous Improvement Planning

How effectively is the Regional Development Agency implementing improvement plans?			
Areas of Review	Adequate Performance	Good Performance	Strong Performance
Robustness of IPA Action Plan	The RDA has regularly reviewed the action plan and met most planned milestones	The RDA has met all milestones/targets for the action plan.	The RDA has met all the milestones/targets for the action plan and exceeded some targets
Wider organisational improvement plans	The RDA has developed a systematic approach to incorporating continuous improvement into its processes. There is evidence of measurable improvement in performance	Continuous improvement is brought about through robust processes and procedures, with the project approach benchmarked against best practice. The Board/Senior Management team have helped to drive improvement and identified further areas for future development. There is evidence of measurable improvement in performance in most areas of the improvement plan.	Progress against targets on improvement plans is regularly published. The RDA has developed a comprehensive consultation with staff, leadership from the Board/CEO and informed by key stakeholders and partners. Improvement in performance against milestones has been measured across all areas of the Agencies activities included in the improvement plan.
Delivering improvement plans	The RDA has reviewed a range of robust approaches to deliver improvements including obtaining ad hoc feedback from its stakeholders and partners, and its staff.	The RDA has sought to use a number of robust approaches to implement improvements and has a systematic approach to obtaining the views or stakeholders and partners, and its staff, on its performance.	The RDA proactively uses a range of robust approaches to implement improvements, and can demonstrate how feedback from stakeholders, partners and staff has been used to identify areas for further improvement.

## Performance Improvement and Evaluation

How effectively has the RDA implemented improvements in performance management processes and procedures to reflect the lessons of evaluation?			
Areas of Review	Adequate Performance	Good Performance	Strong Performance
Effective Evaluation	The RDA has an evaluation strategy that provides a systematic approach across the business and demonstrates compliance with the Impact Evaluation Framework.	The RDA demonstrates a systematic approach to sharing findings and lessons learned both within the Agency and with partners. The RDA has begun to compare evaluation findings and explore consequent improvements in the performance framework.	The RDA demonstrates a consistent approach to sharing findings and lessons learned both within the Agency and with partners. Evaluation findings are systematically compared and linked to improvements in the performance framework.
Effective Appraisal Process	The RDA has a fully documented and comprehensive system in place that complies with GRADE/Green Book requirements. Only a limited number of RDA appraisals fully address the rationale for investment when considering market failure. The RDA uses appropriate economic expertise consistently on appraisal of projects to test the rationale for RDA intervention.	There is a systematic and robust approach to compliance checking. The RDA has evidence of continuous improvement including the use of appropriate skills in the appraisal of market failure, VFM assessment of project options and assessment of delivery options. The RDA has begun to evaluate strategic added value based on a robust methodology. The RDA uses economic expertise for ensuring consultants reports are subject to sufficient challenge.	The RDA has implemented lessons learned from evaluation and audit to improve its approach to assessing VFM. The RDA has developed and applied a robust approach to the assessment of Strategic Added Value. Economic analysis is used to compare projects to ensure that investment decisions maximise impact.

<p>Benchmarking and sharing best practice</p>	<p>The RDA has a comprehensive approach to benchmarking including using 'best in class' organisations. This includes sharing best practice within the RDA as well as across the RDA network.</p>	<p>The RDA can demonstrate performance improvement as a result of sharing best practice and benchmarking.</p>	<p>The RDA can demonstrate comprehensive performance improvements internally. Furthermore, the approaches of partners have been positively influenced by the RDA sharing best practice, and through the RDA encouraging or facilitating benchmarking.</p>
<p>Efficiency and effectiveness in administration and programmes</p>	<p>The RDA has a plan in place to deliver its target for efficiency savings. The RDA has identified and implemented cost saving opportunities in a few areas and implemented a monitoring programme.</p>	<p>The RDA has required all budget holders to justify all expenditure from a first principle basis in order to demonstrate value for money. The RDA can demonstrate implementation of efficiency savings on this basis. The RDA has met its target for efficiency saving and has a forward looking plan to continue to drive efficiency, which is regularly monitored and reviewed.</p>	<p>The RDA has instigated efficiency savings on the basis of a comprehensive approach aligned to strategic priorities.</p>

Figure Source: National Audit Office